



MTC Sales Tax Simplification Committee Teleconference
Thursday, January 27, 2000
3:00pm to 4:30pm (Eastern)

Minutes

I. Welcome and Introductions

Wayne Eggert, Committee Chair, called the meeting to order. The following individuals participated in the teleconference:

NAME	STATE/ORGANIZATION
Wayne Eggert, Committee Chair	National Tax Association
Scot Anderson	Connecticut Department of Revenue Services
Frank Davis	Tax Executives Institute
Jeff Graybill	California Board of Equalization
Tom Hatten	Kansas Department of Revenue
Jerry Johnson	Oklahoma Tax Commission
Vince Magnacca	Goodyear Tire & Rubber Company
Bill Marshall	Ohio Department of Taxation
Tremaine Smith	Washington Department of Revenue
Joe Thomas	Connecticut Department of Revenue Services
Dan Bucks	Multistate Tax Commission
René Blocker	Multistate Tax Commission
Jason Lumia	Multistate Tax Commission

II. Public Comment Period

There was no public comment.

III. Reports on Progress of State-Specific Simplification Subcommittees and Development of Reporting Plan for Subcommittees

Previously, States were assigned to Steering Committee members roughly by region. The Steering Committee members and the States they will monitor are:

Name	State
Frank Davis	DC, MD, NC, SC, VA
Wayne Eggert	AL, MA, NJ, PA, RI
Bruce Johnson	AZ, CO, NM, UT, WY
Fred Kiga	CT, ID, ME, VT, WA, WI
Norman Lobins	IN, KY, MI, MN, OH, WV
Wilma Murphree	HI, LA, NV, OK
Jerry Orr	AR, CA, FL, GA, MS
Mona Shoemate	ND, NY, SD, TN, TX
Quentin Wilson	IA, IL, KS, MO, NE

Bill Marshall and Vince Magnacca reported that Ohio has identified an extensive list of simplification initiatives to pursue in the State, which includes, but is not limited to, statutory changes, administrative rule changes, current law/practices, and any changes that entail an accompanying revenue impact. The subcommittee will prioritize the list and concentrate on those initiatives that would be the most beneficial to both the State and taxpayers alike. Lastly, Mr. Magnacca added that he would be participating in the efforts of the Oklahoma State subcommittee in addition to those in Ohio.

Connecticut reported that NESTOA has established a new regional sales tax simplification project that is being coordinated by Bob Thompson (NJ). This project has been given a high priority. A survey was recently distributed to the NESTOA States inquiring about their tax base, administrative procedures, etc. New Jersey is presently compiling the responses received from the States.

Tremaine Smith reported on the work of the Northwest Regional Sales Tax Pilot Project. He reported that Washington State is advancing legislation regarding uniform tax rate and boundary change notification measures. Under this legislation, changes to the state or local tax rate (including annexations) could be implemented only four times per year and in conjunction with the commencement of a sales tax quarter (*i.e.* January 1st, April 1st, July 1st, and October 1st). Seventy-five days notice is required before the change may become effective. In addition, vendors who calculate the amount of tax due on taxable sales using technology developed and provided by the State shall be held harmless from rate calculation errors resulting from the proper use of such technology and would not be held liable for the difference in amount due nor be subject to any penalties. Mr. Smith also reported that the Project is continuing to analyze uniform definitions and product coding approaches. [Ed. note: A Northwest Project regional meeting was held February 24, 2000, in Seattle.]

Finally, it was reported that Florida has expressed concerns regarding fraud vis-à-vis exemption certificates. It was believed that Florida might deviate from its practice of accepting a multijurisdictional form and utilize a state-specific certificate. MTC staff will verify this information.

IV. Work of Committee and Task Forces on Implementation of Simplification Ideas

There were no updates available at this time.

V. Update on Work of Related Projects of Other Organizations

Advisory Commission on Electronic Commerce (ACEC)

Tremaine Smith reported that activities of the ACEC have been relatively quiet since the last meeting, which was held December 14th and 15th in San Francisco. During the course of the two-day meeting, a number of academicians rallied together in an appeal for the fair taxation of electronic commerce, which prompted a lengthy discussion. It was the topic of simplification, however, that generated the most interest. The Drafting Subcommittee has commenced work on the Final Report, which the Commission is mandated to present to Congress by April 21, 2000. Mr. Smith stated that a group of business representatives have offered what they hope proves to be a consensus proposal that would garner the votes of 13 Commissioners (a super-majority), necessary to pass and submit any proposals or recommendations to Congress. The next ACEC meeting is scheduled for March 20th and 21st in Dallas. Mr. Smith will continue to keep the Committee updated apropos the activities of the ACEC.

Multistate Tax Commission

The MTC reported that Ohio has officially indicated its acceptance of the *MTC Uniform Resale Exemption Certificate*. This makes Ohio the 37th State to accept the certificate. A revised certificate will be issued shortly. (The MTC has received verbal notification that Pennsylvania will also accept the certificate, but has yet to receive written confirmation.)

In conjunction with the EDI Task Force on Legal and Audit Issues, and in accordance with the MTC's Uniformity Process, an interim Hearing Officers' Report on a model direct pay permit regulation has been completed. (The Hearing Officers are René Blocker, Deputy Director, MTC and Harley Duncan, Executive Director, FTA.) The Report has been distributed to the MTC Executive Committee and to the members of the EDI Task Force. A final report will be issued after the EDI Task Force formally adopts its model regulation.

Miscellaneous

It was noted that several state representatives attended a recent seminar on the transaction taxation of electronic commerce. Discussion at the seminar included topics such as the importance of simplification (including what should/can be done), revenue estimation, and a synopsis of the proposals before the ACEC.

VI. Additional Steps and Topics to Accomplish Committee's Purpose

The MTC website is available as a vehicle for sharing information among the States and the state-specific subcommittees. MTC staff will contact the Chairpersons of each state subcommittee regarding any documented efforts that can be shared and posted. The MTC will take the initiative to circulate this information not only so that States can have a place of reference, but to enhance simplification support and to make others aware of these important on-going activities as well.

The States and businesses are asked to submit any illustrations of sales tax simplification progress and accomplishments to MTC staff so that the clearinghouse of information can be established. The MTC will begin posting these documents on the MTC website at <http://www.mtc.gov>. Please forward submissions to both Wayne Eggert (Committee Chair) at weggert@lucent.com and René Blocker at rblocker@mtc.gov.

VII. Future Meeting Plans

The next teleconference of the Committee will be held Wednesday, March 29, 2000, at 1:00pm Eastern Standard Time.

VIII. Adjournment